

FY 2014 – FY 2016

**DISADVANTAGED BUSINESS ENTERPRISE PROGRAM METHODOLOGY
FOR**

City of High Point Transit System



Hi TRAN

HIGH POINT, NC

JUNE 2014

METHODOLOGY for Establishing the FY 2014 – FY 2016 Overall Disadvantaged Business Enterprise (DBE) Goal for:

City of High Point Transit System High Point NC

In fulfillment of the requirements of 49 CFR Part 26, the City of High Point has developed a proposed Overall Goal for FY 2014-2016 FTA projects for the City of High Point Transit System (Hi Tran). The methodology used in establishing this goal is described herein.

I. Detailed Methodology: Specific Steps

A. Amount of Goal

The City's overall goal for FY 2014-2016 is **2.4%** of the Federal financial assistance it will expend in USDOT-assisted contracts.

Given the amount of USDOT-assisted contracts that the City expects to let from FY 2014-2016, which is approximately **\$3,769,010**, this means that the City has set a goal of expending approximately **\$90,456** with DBEs during this period.

B. Determination of the Market Area of the study

The normal market area was determined through consultation with transit staff and an assessment of the area from where the substantial majority of previous bidders came, and the area where the substantial majority of dollars were spent. The market area is shown below in Table 1.

Table 1: The City Market Area

County	Vendors	Percent of vendors
Alamance	2	1.8%
Davidson	2	1.8%
Forsyth	7	6.2%
Guilford	54	47.8%
Mecklenburg	7	6.2%
Orange	1	0.9%
Randolph	2	1.8%
Richmond	1	0.9%
Wake	5	4.4%
Market Area	81	71.7%
Other	32	28.3%
Total	113	100.0%

SOURCE: The City of High Point

C. Determination of relevant NAICS codes

Below is a list of Activities and NAICS codes that correspond to the City's FY 2014 to FY 2016 projects:

Table 2: FY 2014-FY 2016 Projects & Activities

ACTIVITY	NAICS
Concrete	238110
Carpentry	238350
Commercial Lithographic Printing	323111
Motor Vehicle Supplies and New Parts Merchant Wholesalers	423120
Tire and Tube Merchant	423130
Stationery and Office Supplies	424120
Car Dealership	441110
Electronics Stores Custom	443142
Hardware Stores	444130
Other Gas Stations	447190
Couriers and Express Delivery Services	492110
Wireless Telecommunications Carriers	517210
Banking	522110
Direct Property and Casualty Insurance Carriers	524126
Custom Computer Programming Services	541511
Management Consulting Services	541611
Janitorial	561720
General Automotive Repair	811111

SOURCE: The City of High Point

D. Determination of Relative Availability Of DBEs in Market Area, Compared to all Firms

**Table 3: DBES—City of High Point Transit System
by Relevant NAICS Codes—FY 2014 – FY 2016**

<i>NAICS Codes</i>	<i>DBE Firms</i>	<i>All Firms</i>	<i>% of DBE Firms Available</i>	<i>Ratio of estimated total expended</i>	<i>Weighted Total Availability</i>
238110	16	167	9.6%	5.3%	0.5%
238350	45	278	16.2%	0.7%	0.1%
323111	7	317	2.2%	1.0%	0.0%
423120	0	175	0.0%	9.5%	0.0%
423130	0	37	0.0%	2.8%	0.0%
424120	5	85	5.9%	0.3%	0.0%
441110	0	229	0.0%	0.7%	0.0%
443142	0	442	0.0%	0.4%	0.0%
444130	0	114	0.0%	2.9%	0.0%
447190	3	120	2.5%	39.3%	1.0%
492110	0	129	0.0%	0.1%	0.0%
517210	0	189	0.0%	0.1%	0.0%
522110	0	1192	0.0%	0.2%	0.0%
524126	0	187	0.0%	20.7%	0.0%
541511	14	1066	1.3%	5.1%	0.1%
541611	22	1231	1.8%	2.7%	0.0%
561720	24	832	2.9%	1.9%	0.1%
811111	4	836	0.5%	6.5%	0.0%
WEIGHTED STEP 1 DBE BASE FIGURE =					1.8%

SOURCES:

1. 2012 County Business Patterns, U.S. Census Bureau.
2. North Carolina UCP Directory, June 2014.

NOTE: The County Business Patterns data were used as the source to determine the denominator, or the number of all firms in the market area. The DBE directories listed above were used to determine the numerator, or the number of DBE firms in the market area.

E. Determination of the “Weighted” DBE Base Figure

The Step 1 DBE Base Figure was derived by using a weighting process by which the percentage of dollars spent on various activities (represented by NAICS codes) were multiplied by the percentage of relevant DBE firms to all relevant firms as indicated in Table 3 above.

The Step 1 DBE Base Figure for the City for FY 2014 – FY 2016 is **1.8%**.

II. Adjustments to the DBE Base Figure

After the DBE Base Figure has been developed, the regulations (49 CFR Part 26) require that:

“...additional evidence in the sponsor’s jurisdiction be considered to determine what adjustment, if any, is needed to the base figure in order to arrive at your overall goal” (26:45(d)).

A. Adjustment Factors to Consider

The regulations further state that there are several types of evidence that must be considered when adjusting the base figure. These include:

“(i) The current capacity of DBEs to perform work in your USDOT-assisted contracting program, as measured by the volume of work DBEs have performed in recent years.

The historical overall DBE goals accomplished in recent years were examined relative to the above consideration. Notice the annual DBE percent accomplishment indicated in Table 4 below:

**Table 4: City of High Point Transit System
DBE Accomplishment**

Report Period	DBE Goal	DBE Achievement	Over/Under
FY 2011 Period 1	6.0%	2.2%	-3.7%
FY 2011 Period 2	6.0%	3.8%	2.4%
MEDIAN	6.0%	3.0%	-0.7%

The median DBE accomplishment for the periods as shown above for the City is 3.0% compared to the Step 1 Base Figure for the City of 1.8% for FY 2014 to FY 2016 derived using the methodology detailed above.

B. Consultations

Before establishing the overall goal this year, the City consulted with minority, women's and general contractor groups, community organizations, and other officials or organizations to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the City’s efforts to establish a level playing field for the participation of DBEs.

C. Adjustment to Step 1 DBE Base Figures: City of High Point Transit System - FY 2014-FY 2016

With the adjustment factors considered to this point, the City will adjust the Step 1 base figure as calculated above by adding the annual accomplishment factor

derived in Table 4 above (3.0%) to the base figure for fiscal years 2014 - 2016, averaging the total for an adjusted DBE goal of **2.4%**.

III. Process

The City will normally submit its overall goal to the FTA on August 1 of each goal year.

Before establishing the overall goal this year, the City consulted with minority, women's and general contractor groups, community organizations, and other officials or organizations to obtain information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the City's efforts to establish a level playing field for the participation of DBEs.

Following this consultation, the City published a notice of the proposed overall goal, informing the public that the proposed goal and its rationale were available for inspection during normal business hours at the City's administrative office for 30 days following the date of the notice, and informing the public that the City would accept comments on the goals for 45 days from the date of the notice. The notice was published in the High Point Enterprise. The notice included addresses (including offices) to which comments could be sent and addresses where the proposal could be reviewed. This process was used to establish the goals for FY 2014 to FY 2016.

The City's overall goal submission to the FTA will include a summary of information and comments received during this public participation process and our responses. *(Note: No comments have been received as of this submittal. Should any comments be received, those comments and our responses to the comments will be submitted at the end of the review and comment period.)*

The City will begin using the overall goal on October 1 of each goal year, unless the City has received other instructions from DOT/FTA (or, if the goal is established on a project basis) by the time of the first solicitation for a DOT/FTA-assisted contract for the projects.

IV. Breakout of Estimated Race-Conscious/Race-Neutral Participation

The City will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating DBE participation. The City will use a combination of the following race-neutral means to increase DBE participation:

1. *Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate DBE, and other small businesses participation (e.g., unbundling large contracts to make them more accessible to small businesses, encouraging prime contractors to subcontract portions of work that they might otherwise perform with their own forces);*

2. *Disseminating information communications on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small businesses, on recipient mailing lists for bidders, ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors).*

The City proposes a race-conscious goal of **2.4%** and a race-neutral goal of **0.0%**, for a total of **2.4%**. The reason for this breakout is that the projects from previous years show that the amount by which the past DBE goal was under-achieved is **0.7%** (see **Table 4**). Therefore, it is projected that the entire goal of **2.4%** will be achieved using race conscious means.

The City will adjust the estimated breakout of race-neutral and race-conscious participation as needed to reflect actual DBE participation (26.51(f)) and it will track and report race-neutral and race-conscious participation separately. For reporting purposes, race-neutral DBE participation includes, but is not necessarily limited to, the following: DBE participation through a prime contract a DBE obtains through customary competitive procurement procedures; DBE participation through a subcontract on a prime contract that does not carry a DBE goal; DBE participation on a prime contract exceeding a contract goal; and DBE participation through a subcontract from a prime contractor that did not consider a firm's DBE status in making the award.

VI. Contract Goals

The City will use contract goals to meet any portion of the overall goal that the City does not project being able to meet using race-neutral means. Contract goals are established so that, over the period to which the overall goal applies, they will cumulatively result in meeting any portion of the overall goal that is not projected to be met through the use of race-neutral means.

The City will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. The City need not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work).

The City will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.

Appendix A: Resource Listing

A. Persons, and/or Agencies Contacted:

B. Resource Documents:

1. 2012 County Business Patterns, U.S. Census Bureau.
2. North Carolina UCP Directory, June 2014.
3. Uniform Report of DBE Commitments/Awards and Payments